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Under the general heading of "derivative" or "acquired property," the author discusses the subjects generally included in public finance: the public domain and public industries, taxation and public borrowing. The state is regarded as a "great laborer" (p. 314), to whom the "economic circle — want, cost, satisfaction" — is fully applicable (p. 315). Hence he talks of the "anthropological theory of derivative finance." The whole subject of finance is treated from the point of view of his theory of social property. Taxes upon original social property are justified, he asserts, by society's right to the property and should in amount equal the value of the property. Other taxes — derivative or exchange taxes — are justified by the services rendered to the individual by the state, and should equal the value of those services or their cost (pp. 604 ff.). He advocates a complex system of progressive taxation (pp. 696 ff.), in which the heavier rates shall fall upon those in possession of "original social property" and upon those receiving the greatest advantage from the public services.

The book is not a scientific treatise, although a great parade of scholarship is made: it is really a piece of imaginative and largely sentimental economic philosophy. In a broad, general way the author's "logical" theory may be characterized as extending the ideas of Henry George to all monopolies. As presented, the new theory seems to rest on two assumptions: first, that public opinion on these matters has been fully formed; and, second, that its decision has been specially revealed to the author.

CARL C. PLEHN.

UNIVERSITY OF CALIFORNIA.

Principles of Political Economy. Volume II: Book III. By J. SHIELD NICHOLSON, Professor of Political Economy in the University of Edinburgh. New York, The Macmillan Company, 1897. — xiii, 328 pp.

The first volume of this work appeared in 1893; the second volume follows after an interval of four years. In the second, as in the first, the arrangement of Mill's *Principles* is followed. The earlier volume covered the subjects taken up in Mill's first and second books; this later one covers the subjects of Mill's third book — exchange, including money, banking and international trade. The present reviewer, when noticing the first volume in these pages,¹ intimated his doubts whether Mill's order of presentation remains advantageous,

¹ POLITICAL SCIENCE QUARTERLY, IX, 303.

and whether a fresh survey of the subject in the light of what has been done during the last half century may not be usefully accompanied by a complete change in the arrangement of the several topics. Professor Nicholson's second volume does not remove the doubts then expressed. The postponement of the discussion of money to so late a stage creates difficulties for the beginner; while it is very questionable whether exchange should be taken up after distribution, and independently of it — and this irrespective of any theorizing as to the identity of the principles of distribution and those of exchange. But these are matters on which Professor Nicholson committed himself when he took Mill's book as his model. In this second volume, as in the first, Mill's arrangement is followed, not only for the general plan, but almost chapter for chapter.

Professor Nicholson apologizes for the delay, due to a protracted illness, in the appearance of this volume. With every sympathy for his misfortunes, the impression is left on the reader that a longer delay and a more deliberate procedure would have improved it. It is difficult to account for the distribution of space and the choice of subjects, except on the ground of some haste in achieving publication. The general principles of exchange — value, price, markets, demand and supply, cost of production, monopoly values, rent in relation to value — are disposed of in ten short chapters, occupying in all less than ninety pages. After this summary disposal of fundamentals, we rub our eyes to find an extended chapter on chartered companies, the treatment of native races, and Warren Hastings and Burke; still more to find, in an appendix to another chapter, an elaborate account of the History of Scottish Banking (a reprint of a paper contributed to the *Journal of Political Economy*), to which some twenty pages are given. The book, as we are told elsewhere, has grown out of the notes used by Professor Nicholson in his lectures at Edinburgh; and it can be readily understood that Scotch students would find the matter on Scotch banking and chartered companies interesting and profitable. But these topics surely do not deserve so much space in an exposition of political economy for the general public. It may be suspected, also, that the author's previous researches and immediate interests, rather than his well-weighed judgment, account for the unequal distribution of space, as between the general principles of exchange on the one hand and the principles of money and international trade on the other. The ten short chapters given to the first-mentioned parts of the subject occupy about one-quarter of the volume; the remaining three-quarters — eighteen

chapters — deal with money and international trade, including Scotch banking and chartered companies. The exposition of the theory of money is careful and deliberate, as is (though in less degree) that of international trade ; but why should not that of value and exchange be equally careful and deliberate ?

The general note of Professor Nicholson's work is blunt common sense. He has little patience with theoretical subtleties, and thus has little good to say of the principle of consumer's rent or of that of quasi-rent. It may be admitted that political economy needs a large infusion of common sense, and that there is a danger of losing touch with its real subject-matter in the excessive subtlety of much current theory. But complications and difficulties exist, and must be met and unraveled ; and Professor Nicholson does not always meet them. Thus, in the chapter on "Cost of Production," he distinguishes between money cost and real cost, between "disutilities" and "expenses of production," and points out that equal money costs do not signify equal real costs. The reader is told that "at this stage" it is only confusing to consider anything but money costs ; and no doubt a preliminary consideration of money costs alone is warranted. But no other stage is ever reached. The subject is not recurred to ; the whole question of the relation of reward to sacrifice or disutility, with its ramifications for the theory of distribution and exchange, and its bearing on the social questions that go to the very root of the institution of private property — all this is never touched. So the periodicity of commercial crises is (conjecturally) ascribed to "the oscillations between periods of depression, recovery and exhilaration" in individuals — to "essentially mental" causes. Very possibly this may point to a *vera causa* ; but just how it works out its effects in the machinery of modern trade deserves a more detailed inquiry, which, it may be suspected, would offer some intricate problems. It is part of the same blunt mode of dealing with the subject that the exposition is too often unduly brief, and sometimes even leaves an impression of scrappiness. This defect had shown itself already in the first volume, and is not less noticeable in the second.

Money and international trade, as has already been noted, are discussed with fullness and detail. The argument for international bimetallism is presented again with effect, while the difficulties in the way of its adoption are frankly admitted. As to the future, the only refuge seems to be that "just as protection met its potato famine, the gold standard may meet its famine, and possibly the financiers of England may prefer the adoption of international bimetallism to

the adoption of a silver standard by the United States." On international trade, the main lines of the theory which economists owe to the genius of Ricardo are again followed, though Professor Nicholson questions whether the mechanism analyzed by Ricardo and Mill is in actual operation. He doubts whether the flow of specie from country to country takes place in the manner and with the effects pointed out by them. Thus, as to the effects of a new export on the flow of specie, it is suggested that "an additional import" *may* turn up to balance it — which does not face squarely the problem involved. And, similarly, in considering the effect of a "tribute," and its possible effect on prices in the tribute-receiving country, it is suggested that a rise in prices in such a country will tempt imports and so cause gold to flow out; and "thus we reach a *reductio ad absurdum*." But surely, in this supposed case, the inflow of gold precedes the rise in prices; and that rise only brings the inflow to its limit and can cause no return flow. Doubtless the mechanism of foreign trade is less simple in its actual operation than would be gathered from the pages of Ricardo and Mill; and doubtless the effect of that mechanism is to reduce the actual flow of specie to a minimum. But the intricacies of the cases mentioned cannot be brushed aside as summarily as is done by our author.

Justice should be done to the unquestionable merits of the book: independence of thought, vigor and directness in presentation, good sense and constant touch with the realities of industrial life. This second volume does not fulfill all the promise of the first, but it is still the work of an able scholar and solid thinker, sure to win the respect even of those who may not accept all its conclusions or find its mode of statement entirely satisfactory.

F. W. TAUSSIG.

HARVARD UNIVERSITY.

The Origin and Growth of the Moral Instinct. By ALEXANDER SUTHERLAND, M.A. London, Longmans, Green & Co., 1898. — Two volumes: ix, 461; vi, 336 pp.

Mr. Sutherland's volumes contain much valuable material not easily accessible elsewhere, and a nearly equal amount of intelligent interpretation; and by virtue of this combination they must be regarded as an important contribution to our knowledge of the evolution of the moral instinct. The work is not an attempt to find the philosophical grounds of moral obligation. It is merely what it professes to be — a biological and sociological study of one group of